

Agency maximizes click-ability

● St. Paul-based Three Deep Marketing helps clients develop and measure online traffic and marketing efforts to enhance sales.

BY TODD NELSON, Special to the Star Tribune

Don Draper's vintage creative ideas might work just fine today on a campaign for, say, Leafguard's clog-free, seamless gutters. But the fictional 1960s ad executive from TV's "Mad Men" surely would need help incorporating new online marketing tools such as pay-per-click advertising and triggered e-mails as well as Facebook and Twitter.

For that expertise, Draper could do what Leafguard did in real life -- turn to St. Paul-based Three Deep Marketing Inc.

Founded in 2003, Three Deep is an outsourced digital marketing agency that develops, executes, optimizes and measures online marketing strategies for clients ranging from small- and medium-size home improvement contractors to Fortune 100 companies.

"The marketing principles of the 1950s are still the marketing principles of today," said Dave Woodbeck, who is Three Deep Marketing's president. "Now you can execute them through different channels. Where we have an interesting approach is that our knowledge of the tactical implementation of these things actually informs the strategy."

Much of that knowledge comes from the interest of Three Deep Marketing's founders -- Woodbeck, who describes himself as a "recovering CPA," and process engineer Dan Derosier -- in using technology to analyze and measure everything related to demand generation, or marketing, and applying those insights to make continuous improvements to online strategies.

"So somebody clicks on an ad: Where did they go? What conversion rate did



Glen Stubbe, Star Tribune
Dave Woodbeck, president, and Dan Derosier, vice president Three Deep Marketing.

they have? What did they do? Did they phone or fill out a form?" said Derosier, the company's vice president. "That's where Three Deep came from, was to go many layers deep beyond the click, to what actually happened and, subsequently, did the consumer buy more stuff from the company."

The aim is to help clients increase website traffic, convert visitors into leads and leads into sales. The company doesn't produce copy or other creative content for now, but does consult with clients on creative matters and partners with creative agencies when needed.

"We're filling a niche that really hadn't been there before," said Scott Pearson, director of customer relationship marketing and a partner at Three Deep Marketing. "We'll refer to ourselves as an optimization company. We're letting them use the technology to the fullest."

The approach appears to be working, with Three Deep Marketing growing at a time when the recession has forced cuts or closed doors at other agencies. The company projected 2009 revenue of \$2.5 million, up 25 percent from 2008. It

expects a similar increase in 2010, with a goal of hitting \$10 million in revenue by 2015.

Three Deep Marketing added seven employees last year, for a total of 16, and expects to add four or five more in 2010.

Google Analytics

One of the primary tools Three Deep Marketing uses is Google Analytics, free but powerful software that provides insights into website traffic and marketing effectiveness. The Google software gathers real-time insight into online and traditional marketing campaigns that Three Deep can use to guide clients in making adjustments to increase their success.

In October, Three Deep Marketing earned Google Analytics Authorized Consultant certification, the first marketing agency in Minnesota and one of less than three dozen in the country to do so.

"With the help of Google Analytics, we are able to dig deep into our clients'

marketing efforts to interpret and understand customer behavior so that we can provide meaningful information on their ideal customers and prospects,” said Jeff Sauer, director of interactive marketing and a partner at Three Deep Marketing.

Most of the employees the company hired in 2009 work in a call center that opened in April to help the company’s home-improvement contractor clients do a better job of following up on sales leads. The center opened in less than 30 days and at a cost of less than \$30,000, Woodbeck said.

“This highlights the [measurement] DNA of the company and how quick and nimble we can be because of our passion around how to apply technology properly,” Woodbeck said.

It also reflects the importance of the contractor market to the company as a target for future growth, given the size and fragmentation of the industry. Three Deep Marketing understands the industry so well that it can all but predict how consumers will respond to marketing campaigns, Woodbeck said.

Three Deep Marketing handles all pay-per-click Internet marketing for home-improvement contractor Leafguard, which makes a patented leaf- and debris-shedding gutter system. Leafguard, which has no retail stores and closely tracks such data as cost-per-

lead, cost-per-sale and source-of-leads, switched to Three Deep 2 1/2 years ago, according to Chris Edelen, president and CEO of Leafguard, based in San Antonio.

They speak ROI

“They have truly been partners with us every step of the way,” Edelen said. “They have shared best practices with us in Internet search marketing and also in the home-improvement business that have helped us improve our overall business as well. Our cost-per-lead went down significantly, and they provided a much better return on our investment.”

Three Deep also is working to make Leafguard’s websites easier for Internet search engines to find, Edelen said. As a result, Leafguard’s cost-per-lead dropped 20 percent in the first year and another 35 percent in the second year.

“It helps us, in a very challenging environment, stretch our marketing and advertising dollars,” Edelen said. “They’re of a size that they can really deliver personal attention. They’ve helped us grow, and we’ve helped them grow.”

Another important industry for Three Deep Marketing is consumer packaged goods. One such client, Minnetonka-based Nestle Nutrition, saw an immediate jump in sales at its e-store after Three Deep created a new search

marketing plan for it, said Dean Evenson, director of integrated marketing at Nestle Nutrition.

The new plan helped the company find high-value customers through search marketing and make smarter spending decisions when bidding for keywords, Evenson said. At the same time, costs dropped significantly.

“They’ve paid for themselves many times over,” Evenson said. “They’re really focused on the metrics -- from a conversion standpoint, from a return-on-investment standpoint. Any time an agency can talk to us in that language, it means they’ll usually end up with more business from us. When we need to drive volume, that’s one of the first places we call.”

The expert says

Dileep Rao, who teaches new business development and financing at the University of Minnesota’s Carlson School of Business, said Three Deep Marketing, as one of the first companies in its niche, has several issues to consider.

One concern is barriers for others to enter the market. “Many advertisers want to know how well their marketing strategies work, since this is usually a money pit where the ad agencies do well but the client may or may not,” Rao said. “If there are no barriers to entry, how will [the company] differentiate itself and stay in the lead?”

Three Deep Marketing will retain an advantage if its leaders can increase market share, said Rao, author of the forthcoming book, “Bootstrap to Billions: Proven Rules from Entrepreneurs who Built Great Companies from Scratch.”

“I would suggest they grow as fast as their abilities allow, and to dominate their market,” Rao said. “That should help them define the resources they need. If they can grow with capital-efficient business, financial and financing strategies, they may be able to create wealth and keep it.”

Todd Nelson is a freelance writer in Woodbury. His e-mail address is todd_nelson@mac.com.

